

on a number of considerations, foremost of which is my sincere belief in the future of this Company and particularly in the potential of Explosafe. We have an excellent management team and in working with them I've been very impressed with their capabilities. I think we have a great future based on the strength of our organization.

Before going on to talk about our plans in 1979, there's a distinguished guest that I would like to introduce. Her name is Isabel Burgess and she has had a very distinguished career as a Congresswoman in the United States. Isabel is the Washington representative for Explosafe and is one of five people appointed by the President to the National Transportation Board.

The Container Division of Vulcan continues to excel. We did get one benefit from the Chicago closing — we were able to acquire the automatic line one at a cost of \$400,000. We have estimated that by putting that into Vulcan Canada we will recover our investment in a matter of seven months. What this will do for the Canadian operations is that it will allow us to increase our capacity, our production, and to lower our costs.

The other thing that happened in 1979 that is helpful to us is that we were able, on April 9th, to pass a price increase of 8.5 per cent on the products of the Container Division. This will allow us to enhance our earnings and encourage further growth.

In the Metal Decorating Division we were able to put through a price increase of 6 per cent. This Division is running around the clock, and is doing extremely well. The Canadian operations, as you can see, are thriving. We are now the Canadian leaders in metal containers and metal decorating.

The Explosafe Division is moving along rather rapidly.

As a result of the gas shortage in the United States, there's been an enormous demand for the gasoline cans. The Ohio Branch of the American Automobile Association gave us an unsolicited endorsement. "If you must carry gasoline cans", the association said, "there's only one can to carry, and that's Explosafe."

That endorsement resulted in an enormous number of inquiries and also orders. We have on hand at the moment — this has all happened in the last week or two — orders for 50,000 containers for immediate shipment. We're geared up now to produce 100,000 and are probably looking down the road at a market of possibly 250,000 containers. Although that is not the main thrust of our Explosafe development program, it indicates an awareness and need for our product. It also will lead us into other sales because of the fact that Explosafe is successful, people know about it, and that will create other demand.

As I said at the outset, one of the major considerations that prompted me to take on the responsibility of President was my belief in the future of this Company, and I'm more enthused now than I've ever been. I think we've got an enormous future, and we're going to go forward, and I thank you for your support.

Thank you very much.

**VULCAN**

• HEAD OFFICE •

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**VULCAN**®

REPORT  
OF THE ANNUAL AND  
SPECIAL MEETING OF  
SHAREHOLDERS

HELD AT THE BRISTOL PLACE HOTEL  
FRIDAY, MAY 25, 1979

VULCAN INDUSTRIAL PACKAGING LIMITED

## **SCRUTINEER'S REPORT**

There were 36 shareholders present in person holding 188,091 shares and 148 shareholders represented by proxy holding 1,016,532 shares. Expressed as a percentage this is 71.3% of the 1,688,840 shares issued and outstanding.

There were 46 visitors in attendance at the meeting including 17 students from the business class at Port Credit Secondary School.

## **ELECTION OF DIRECTORS**

Albert J. Cavan, Norman E. Kaye, Vern I. McCarthy, Jr., James B. Prendergast, John E. Sands, Arthur G. Simpson, and George R. Zies were nominated and elected as Directors of the Corporation for the year 1979.

## **APPOINTMENT OF AUDITORS**

Thorne, Riddell and Company, Chartered Accountants, were appointed Auditors of the Corporation for 1979.

## **AMENDMENT OF ARTICLES**

The Management of the Corporation proposed to amend the Articles of Incorporation by deleting certain provisions in the Articles of Incorporation relating to the ability of the Directors to borrow upon the credit of the Corporation or pledge security in respect of its borrowing. The proposed amendment was stated in its entirety in the Management Proxy Circular mailed to all shareholders of record.

The purpose of the amendment is to remove any inconsistencies which existed between the borrowing powers authorized by Section 183 of the Canadian Business Corporations Act and the borrowing powers authorized in the Articles of Incorporation.

By more than two-thirds of the votes cast at the meeting, the Directors of the Corporation were authorized to make application for this amendment to the Federal Department of Consumer and Corporate Affairs in Ottawa.

## **REMARKS OF JAMES B. PRENDERGAST, CHAIRMAN OF THE BOARD**

### **Fellow shareholders and honoured guests:**

Whereas most of the actions affecting your Company during 1978 have been well recorded and distributed through our regular quarterly reports and our annual report, I feel it is appropriate at this time to draw on a few of the highlights.

During 1978 your company was subject to both favourable and unfavourable events. On the unfavourable side I should explain a little bit about Vulcan Containers Inc. We announced in March of this year that we had abandoned our efforts to rebuild this operation into a viable subsidiary. We purchased Vulcan Containers Inc. in 1977 at a time when it was sustaining losses. We believed at the time that we could turn this operation into a profitable subsidiary giving us a stepping stone into the United States. In retrospect, we were wrong.

Our failure in Chicago was the result of severe competition in the U.S. container market. Four other container plants were forced to close down in 1978. Excess capacity in the industry made it impossible to introduce price increases despite the fact that costs were escalating.

We attempted to devote as much management time as possible to the Chicago operation and, with each quarter, after we took

over, we appeared to be making good progress but invariably another new problem would arise. While the metal container business in the U.S. had similarities to our Canadian operations, the essential ingredient, good management, was missing.

Despite the disappointment, we acknowledged the situation and decided to close down our American operation accepting an estimated \$4.8 million loss. We expect to have the accounting for the liquidation completed by the third quarter. So much for the unfavourable news.

On the brighter side, our work on the Explosafe system is continuing both in commercial exploitation and in the development of end uses. As has been reported to you, a great deal of progress has been made in the areas of surface safety vehicles, helicopters and military aircraft.

In conjunction with company representation from the petrochemical industry, major national railroads, major trucking companies and government bodies in both the U.S. and Canada, we are proceeding in the development and testing of our patented process for the use of Explosafe in the storage and transportation of liquid petroleum gas.

Our efforts to increase the number of licensees abroad are also continuing and we are hopeful that agreements will be completed with a number of companies in other countries by the end of the year.

The most favourable aspects of our business, the Container and Metal Decorating Divisions in Canada, operated at high levels of activity in 1978 and, as you will note from the annual report, this carried through to the bottom line. Our earnings per share from Canadian operations represented 66¢ last year as opposed to 51¢ in 1977. While some people are saying that Canada is in trouble, we seem to be doing reasonably well.

Since the end of the year, and with the recognition of our experience in Chicago, we thought it appropriate to improve our liquidity by arranging for some long term financing which will enable us to reduce our current liabilities and provide ample working capital to service the continuing growth of our basic operations. As mentioned in the annual report we have undertaken an independent appraisal of our fixed assets which will reflect values greatly in excess of those shown in our current balance sheet. We are receiving excellent cooperation and support from our principal banker.

Prior to asking Al Cavan to speak, I wish to express to him, on behalf of the Board of Directors, how pleased we are with the manner in which he has assumed the responsibilities of President of the Company. Fortunately he already has a solid background in the Company and the respect of both the members of the board and the management group. I'm sure you all join with me in wishing Al great success in this office.

## **REMARKS OF ALBERT J. CAVAN, Q.C. PRESIDENT AND CHIEF EXECUTIVE OFFICER**

### **Fellow shareholders and honoured guests:**

It gives me great pleasure to attend this Annual Meeting as your President. As you know I have been associated with the Company for twenty-six years as legal advisor, as a Director, and now as Chief Executive Officer.

My decision to assume the responsibilities of President was based